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C O N F I D E N T I A L SECTION 01 OF 02 BEIRUT 001301

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SUBJECT: LEBANON: HIZBALLAH TELEPHONE NETWORK 'DISCOVERED'

Classified By: CDA William Grant for reasons 1.4 (b) and (d)

SUMMARY

11. (C) The Ministry of Telecommunications announced it had found an illegal telecom network established and operated by Hizballah in the parts of Lebanon Hizballah controls. Minister of Telecom Marwan Hamadeh initially said the GOL would react "fiercely" to what he portrayed as a surprising discovery. Embassy contacts indicate privately, however, that the existence of the alternate system was well known. An ad hoc government committee of four ministries was investigating, but two weeks after the announcement of the discovery, there was no decision on what action, if any the GOL would take. The system links villages in the south to the southern suburbs of Beirut, and may also link the Bigaa' and even downtown Beirut. Hamadeh says that he will not take action without full GOL support. End Summary.

MINISTRY OF TELECOM EXPRESSES SURPRISE AT DISCOVERY

12. (C) The Lebanese press on August 7 reported that the Ministry of Telecommunications had discovered an illicit telecommunications system established and operated by Hizballah in the areas of southern Lebanon that Hizballah controls. In a meeting with DCM on August 8, Minister of Telecommunications Marwan Hamadeh reacted with apparent fury over the discovery. He explained that the GOL had established an ad hoc group of four ministries: Defense, Interior, Justice and Telecommunications, to investigate the installation and recommend action. He confirmed that neither Hizballah nor any other organization had applied for a license for the separate system and that it violated the law that gives a monopoly on fixed line service to the government.

13. (C) DCM and Emboffs followed up with Minister Hamadeh on August 21. Hamadeh said the Ministry of Telecom had completed its report, as had the Ministry of Interior, whose report complemented the MOT's report with pictures. However, he noted with surprise that the Ministry of Defense did not "fulfill its duties." MOT reported that Israel totally destroyed the earlier Hizballah telephone system in the south in the July 2006 war, and Hizballah replaced it with an underground system. Hamadeh also pointed out that the GOL informants, who include leftists imprisoned in Israel, are fearful of retaliation from Hizballah. DCM asked what action the GOL planned to take. Hamadeh, a stalwart member of the March 14 government coalition, did not answer directly but

said it would be a decision at the PM level and including all cabinet members, not a decision by his Ministry alone. Hamadeh gave us no indication of if or how the GOL intends to break up the network.

14. (C) In the August 21 meeting, Hamadeh read from his Ministry's report explaining the extent of the system. It links ten villages in southern Lebanon, and Hamadeh believes the Iranian organization doing postwar reconstruction of roads and bridges in the south installed it. He further noted that fiber optic lines are being installed to link the south to the Biqaa another Hizballah stronghold. He then explained the GOL cannot investigate the southern suburbs of Beirut for connections, because "the area is off limits for the government." However, he seemed to know about a cable, run above ground on the regular telephone and electricity poles, linking the southern suburbs to Shia neighborhoods in Beirut. He even claimed that there is a "huge" cable linking the area to the site of the opposition sit-in at Riad Solh square, which is central Beirut, not far from the seat of the GOL. He said the report indicated that this cable runs along the wall of the French embassy. He did not explain the location of the hardware and software operations needed to run such a system; he only identified cabling. (Comment: It is extremely difficult to believe that the French embassy, heavily guarded with cameras outside of the walls in every direction, would not notice the installation of a large cable. It is true that the GOL does not officially enter the southern suburbs or provide infrastructure repair there. End comment)

OTHER SOURCES SKEPTICAL THIS IS A NEW DISCOVERY

15. (C) Subsequently we attempted to confirm this information
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through a variety of sources, including Embassy staff, workers at NGOs in southern Lebanon, and members of the MOT staff. It appears that people in the south knew that Hizballah had installed an underground telephone system a few years ago. We have eyewitnesses who saw the work and questioned the workers, who admitted that it was in fact a Hizballah telephone system. An MOT official told us at an earlier meeting that the GOL had repaired or replaced the entire damaged government-run telecom infrastructure in the south in a few months after the war and that the illicit lines were found at that time, directly beside the MOT lines.

16. (C) Gilbert Najjar, Chairman of the Owner Supervisory Board, which represents the GOL as owner of the two mobile companies, said the MOT suspected illicit activity about a year ago, due to both a decrease in the number of new subscribers to the government's fixed line provider Ogero in certain parts of the south, and signal interference in the south. However, the July war and the discovery of signal interference coming from the west (which continues to this date), subsequently threw the investigation off track. Everyone else, including the chairman of Ogero, claimed the discovery of the alternative system was a complete surprise. Asked if the bandwidth monitoring equipment that the Telecommunications Regulatory Authority (TRA) is proposing would have caught this, the chairman of the newly-formed TRA responded with a cautious "yes."

17. (C) One of our sources at the MOT was much more cynical about the vehement denial of knowledge at the senior level of the Ministry. He believes firmly there are people within the MOT who not only knew about the system, but also benefited from it. He directed our attention to an article in the pro-Syrian Ad-Diyyar newspaper that focuses on the sale of land in a Christian village in the south. The article attempts to link one Mohammad Khalil Chebli Yassine to the ownership of 140 plots of land in this village, which would make him "filthy rich" according to our source. He is also

the director of finance at the MOT, which is a fact not mentioned in the article.

¶8. (C) Comment. Establishing a telecom system would be a logical step for Hizballah, which provides a number of services as a virtual government to residents in the south and other areas it dominates. These include its own electric company, school system, armed militia, and road works capability. Despite the Minister's tough talk, the GOL may be reluctant to take strong action that would result in a head-to-head conflict with Hizballah.

GRANT